

Message Text

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R 200731Z MAR 78

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2742

INFO AMCONSUL AUCKLAND

AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSL SYDNEY

AMEMBASSY WELLINGTON

UNCLAS CANBERRA 2061

E.O. 11652: N/A

TAGS: BEXP, AS

SUBJ: POSSIBLE STATE OF TEXAS IOGA TRADE MISSION

REF: (A) CANBERRA 1825, (B) STATE 057634 (BOTH NOTAL)

1. EMBASSY AND CONSTITUENT POSTS BELIEVE TEXAS IOGA TRADE MISSION TO AUSTRALIA FOR TWO WEEK PERIOD IN JUNE, JULY, OR AUGUST 1978 TO PROMOTE OIL FIELD DRILLING EQUIPMENT, GAS PIPE LINE EQUIPMENT, AND RELATED SUPPLIES AND TECHNOLOGY WOULD BE VERY WORTHWHILE. AT SAME TIME, THERE WOULD APPEAR TO BE ONLY TWO CITIES WORTH STOPPING AT IN AUSTRALIA, MELBOURNE AND PERTH. MISSION MIGHT THEREFORE WISH TO CONSIDER ANOTHER STOP, SUCH AS NEW ZEALAND, TO ROUND OUT ITS SCHEDULE. EMBASSY WELLINGTON WILL NO DOUBT WISH TO COMMENT SEPARATELY, BUT REGIONAL RESOURCES ATTACHE BELIEVES STOP IN WELLINGTON TO CALL ON NEW ZEALAND GOVERNMENT WOULD BE ADVANTAGEOUS IN VIEW OF RECENT CHANGES IN PETROLEUM AFFAIRS.

2. PERTH IS HIGHEST PRIORITY STOP. NORTHWEST SHELF PROJECT COULD INVOLVE UP TO US DOLS 3.5 BILLION. IT WOULD BE THE UNCLASSIFIED

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LARGEST NATURAL RESOURCE DEVELOPMENT EVER IN AUSTRALIA. BREAKDOWN OF PROJECT SEEMS TO FIT TRADE MISSION OBJECTIVES EXACTLY - EVALUATION, WHICH IS UNDERWAY AT MOMENT, PLATFORM FOUNDATION STUDIES, ONSHORE SITE SELECTION, PIPELINE (SUBMARINE AND LAND) STUDIES, SHIPPING.

3. WEST COAST OIL OFFSHORE EXPLORATION SEEMS TO BE ENTERING

A BOOM PERIOD. EXMOUTH PLATEAU AREA APPEARS TO BE MOST EXCITING. SOME US DOLS 450 MILLION EXPENDITURES HAVE BEEN ANNOUNCED. THIS WILL COVER 94 WELLS BETWEEN NOW AND 1983. PEAK PERIOD SHOULD BE 1980.

4. COMPANIES OPERATING IN ESTERN AUSTRALIA INCLUDE: BP, CANADIAN SUPERIOR, PHILLIPS, MOBILE, ESSO, STAR OIL AND GAS, LENNARD OIL, HEMATITE, MID-EASTERN, WOODSIDE, OBERON OIL, CALIFORNIA ASIATIC OIL, SHELL, AMPOL, TEXACO, GETTY, HOUSTON OIL, ETC.

5. TRADE MISSIONS FROM THE NORTH SEA AREA AND FRANCE HAVE VISITED WESTERN AUSTRALIA WITHIN THE LAST FOUR MONTHS. A LARGE DELEGATION FROM WESTERN AUSTRALIA ATTENDED THE SINGAPORE PETROLEUM CONFERENCE IN FEBRUARY.

6. MELBOURNE IS ACCORDED SECOND PRIORITY BECAUSE OF GIPPSLAND BASIN (BASS STRAIT) OFFSHORE OIL AND GAS FIELDS AND ITS POSITION AS HEADQUARTERS OF SEVERAL KEY COMPANIES. GIPPSLAND BASIN HAS SIX FIELDS/PLATFORMS NOW IN PRODUCTION AND A SEVENTH PLATFORM BEING MADE READY. ESSO REPORTEDLY IS BRINGING AN EXPLORATION RIG BACK INTO AREA FOR MORE DRILLING.

7. MELBOURNE IS HEADQUARTERS FOR AUSTRALIAN INSTITUTE OF PETROLEUM LTD. (AIP), WHICH RECOMMENDS MISSION VISIT PERTH UNCLASSIFIED

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AS HIGHEST PRIORITY AND MELBOURNE NEXT. ALSO HEADQUARTERED IN MELBOURNE IS BROKEN HILL PROPRIETARY LTD. (BHP), AUSTRALIA'S MINING GIANT AND LARGEST CORPORATION. BHP IS ONE OF MAJOR PARTICIPANTS IN NORTHWEST SHELF AND IS JOINED WITH ESSO IN THE OFFSHORE DRILLING PLATFORMS IN BASS STRAIT. AUSTRALIAN SUBSIDIARY OF J. RAY MCDERMOTT AND CO. INC. OF NEW ORLEANS, OFFSHORE PLATFORM AND PIPELINE CONTRACTORS, ARE CONTRACTORS FOR ESSO-BHP PLATFORMS, AND THEIR MANAGER SECONDS THE AIP RECOMMENDATION REGARDING PERTH AND MELBOURNE.

8. THIRD CHOICE, IF THERE WERE TO BE A THIRD CHOICE, WOULD BE SYDNEY, BUT SOLELY BECAUSE IT IS HOME FOR SEVERAL AUSTRALIAN SUBSIDIARIES OF OIL COMPANIES AND THE AUSTRALIAN PETROLEUM EXPLORATION ASSOCIATION LTD. HOWEVER, CHOICE OF SYDNEY AS HEADQUARTERS IS RELATED TO DOMESTIC DISTRIBUTION AND MARKETING, NOT TO OIL EXPLORATION. OIL PRODUCTION IS RELATIVELY SMALL IN NEW SOUTH WALES, WITH NUMBER OF WELLS DRILLED THROUGH 1976 BEING ONLY 5 PERCENT OF AUSTRALIAN TOTAL, ACCORDINGLY, CONGEN SYDNEY RECOMMENDS, AND EMBASSY AGREES, THAT MISSION OUGHT NOT TO COME TO SYDNEY.

9. NEITHER ADELAIDE OR DARWIN WOULD APPEAR TO BE VIABLE STOPS.

NO DRILLING COMPANIES ARE HEADQUARTERED IN DARWIN. ADELAIDE IS THE HEADQUARTERS FOR COMPANIES OPERATING IN THE COOPER BASIN OF SOUTH AUSTRALIA. COOPER BASIN PRESENTLY HAS GAS PRODUCTION AND SOME OIL SHOWS IN CURRENT EXPLORATION PROGRAM, BUT OVERALL IT IS PRETTY SMALL-SCALE.

10. EMBASSY WOULD RECOMMEND THAT MISSION CONCENTRATE ITS EFFORTS IN PERTH AND MELBOURNE. IF THIRD STOP CONSIDERED NECESSARY, PERHAPS NEW ZEALAND WOULD PROVE ATTRACTIVE. BEST TIMING FOR MISSION WOULD BE LATE JUNE OR EARLY JULY. THIS EARLY DATE IS IMPORTANT IN RESPECT TO COMPETITION AND COULD IDEALLY SERVE AS A PRELUDE TO THE FEBRUARY 1979 AIMEX (AUSTRALIA INTERNATIONAL MINING AND EXPLORATION EXHIBITION).

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11. EXTENSIVE REPORTING BY RESOURCES ATTACHE PROVIDES DATA REQUESTED PARA 3 OF REFTTEL B AND CAN BE FOUND IN CANBERRA'S A18, A-19, AND A-20 OF 1978 AND 77 CANBERRA A-106. NEW ZEALAND COVERAGE PROVIDED BY CANBERRA A-29 AND A-33. CONGEN MELBOURNE IS ALSO SENDING COPIES TO USDOC/OIM - SILLOWAY OF BOOKLET "OIL AND AUSTRALIA 1976 - THE FIGURES BEHIND THE FACTS," PUBLISHED LAST YEAR BY AUSTRALIAN INSTITUTE OF PETROLEUM. RESOURCES ATTACHE CAN ALSO PUBLICIZE MISSION AT AUSTRALIAN PETROLEUM EXPLORATION ASSOCIATION ANNUAL MEETING IN MELBOURNE, APRIL 9-12 IF DECISION ON CONSTITUTING MISSION TAKEN BY THEN.
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